SELECT JOINT COMMISSION ON MEDICAID OVERSIGHT

Legislative Services Agency
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MEETING MINUTES[1]

Meeting Date:	**September 22, 2003**
Meeting Time:	**10:30 A.M.**
Meeting Place:	**State House, 200 W. Washington St., Senate Chambers**
Meeting City:	**Indianapolis, Indiana**
Meeting Number:	**3**

Members Present: **Sen. Patricia Miller, Chairperson; Sen. Robert Meeks; Sen. Rose Antich-Carr; Sen. Vi Simpson; Sen. Sam Smith; Rep. Charlie Brown; Rep. William Crawford; Rep. Clyde Kersey; Rep. David Frizzell.**

Members Absent: **Sen. Connie Lawson; Sen. Gary Dillon; Rep. Mary Kay Budak; Rep. Tim Brown.**

Senator Miller called the meeting to order at 10:40 a.m.

EDS Update

Ms. Mary Simpson, EDS, provided the Commission with the most recent Medicaid claims processing report. See Exhibit 1. The Commission requested receiving the report

[1] Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of $0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is http://www.ai.org/legislative/. No fee is charged for viewing, downloading, or printing minutes from the Internet.

before the meeting so that Commission members could review the data and determine any questions before the meeting. A Commission member also asked why the amount paid has dramatically increased when the number of eligible receiving recipients has not increased by a corresponding amount. Ms. Simpson stated that she would work with Melanie Bella, Office of Medicaid Policy and Planning (OMPP), to determine the answer.

HIPAA Update- EDS

Mr. Rick Shaffer, EDS, updated the Commission on EDS' compliance status for the Health Insurance Portability and Accountability Act (HIPAA). See Exhibit 2 for a summary of Mr. Shaffer's testimony. Mr. Shaffer informed the Commission that the HIPAA administrative simplification provisions go into effect October 16, 2003 and include: (1) standardizing health care administrative and financial transactions; (2) changing code sets for diagnoses, procedures, supplies, and devices to a universal code; and (3) implementing national identifiers for each patient, health care provider or payer, and employer.

Indiana has chosen to phase in implementation of the administrative simplification provisions. Beginning September 27, 2003, EDS will begin accepting claims submissions and remittance advice in HIPAA format. Providers will be required to submit electronic claims in HIPAA compliant format by October 16, 2003. Local codes will be eliminated by January 1, 2004. See Exhibit 2. If providers have not entered into a partnership agreement with EDS, a claim will not enter the system (which is different from a claim denial). EDS will continue to pay claims that are not in the proper format after October 16, 2003. Other states have determined not to pay improperly formatted claims.

As of September 1, 2003, 44% of billing providers (who make up approximately 70% of the filed claims) have successfully tested the system with EDS. FSSA and EDS have also prepared the provider community for the changes by: (1) distributing bulletins (11 total) and banners (21 total); making presentations to provider groups (33 total); holding a provider conference (with approximately 1100 attendees) and workshops; detailing the process on website; telephoning major billing providers; and issuing state-wide press releases. EDS will also be increasing call center hours. Also, see Exhibit 2 for telephone numbers for problems or questions concerning HIPAA and claim submission.

Disease Management Update- Melanie Bella, OMPP

Ms. Melanie Bella, OMPP, stated that Indiana's disease management program begins with the Medicaid population but has the goal of expanding to the rest of the state population. Two of the leading causes of death in the United States are cardiovascular disease and cancer. Other contributing factors to health problems include tobacco use and poor diet. There has been a significant growth in national health care expenditures and experts predict that the baby boom population will enter the health care system by the year 2012.

The state's chronic disease objectives are to: (1) provide high quality of care that improves a person's health status; (2) reduce the overall costs of providing health care; (3) provide support for primary care providers and integrate primary care with case management; (4) utilize and strengthen the public health infrastructure; and (5) achieve long term results by changing the way health care is delivered across the state (not just for the Medicaid population). See Exhibit 3.

Indiana has adopted the Chronic Care Model which consists of the following: (1) evidence-based intervention; (2) local input; (3) promotion of patient self management; (4) improvement of care for all patients; (5) revenue and jobs kept in the state; (6) use of significant state resources; (7) retention by state of financial risk; and (8) possible increase

in state-spent time. Components of the Chronic Care Model include: (1) a centralized telephone call center where members who are identified as lower severity health risk will receive telephonic care management; (2) nurse care management network where members who are identified as higher severity health risk are assigned to one of two nurse care management networks who work with the patient and the patient's provider; (3) Chronic Disease Management System (CDMS) which is an internet-based electronic medical record and information center to assist health care coordinators, the call center, and nurse care managers.

The disease management program will be evaluated prospectively and retroactively to assess health outcomes and cost savings. In January, 2004, through March, 2004, the disease management program for congestive heart failure, diabetes, and asthma will be implemented in the northern region of the state and the asthma program will be implemented in the central region of the state. In April, 2004, through June, 2004, the disease management program for the above conditions will be implemented in the southern region of the state. In July, 2004, through September, 2004, high risk patients will be added statewide to the disease management program. See Exhibit 3.

A Commission member commended the disease management program and stated that disease management should be a focus of the state. The Commission member stated that he has participated in meetings in which businesses have cited Indiana's higher health costs as an obstacle for bringing additional business to the state. When asked whether anything needed to be legislated to facilitate the disease management program, Ms. Bella stated that there has been discussion concerning extending the program to the risk-based managed care programs which are currently statutorily excluded from the program.

Children's Health Insurance Program (CHIP)

Commission members requested information concerning the effect of statutorily removing continuous eligibility from the CHIP program. This change resulted in the state looking at a child's eligibility for CHIP every six months or when there is a change in family income (previously, eligibility was reviewed once a year). Ms. Bella stated that it is difficult to determine the number of children affected by the change in law because the child could have left the program for other reasons such as a financial change. Ms. Bella informed the Commission that by looking at the number of children participating in CHIP before the law went into effect and the current participation, 31,000 children have left CHIP. This number does not consider a child who may go into and out of the program multiple times in a year. The Commission requested more background information on CHIP and how the continuous eligibility affected participation in specific counties.

Medicaid Fraud

Ms. Bella stated that if OMPP discovers anything in the Medicaid program that appears to be fraudulent, OMPP refers the case for investigation to the Attorney General's Office, Medicaid Fraud Control Unit (MFCU). OMPP focuses on identifying billing errors, improper claim submissions, and overpayments. The Surveillance and Utilization Review (SUR) monitors utilization within the fee-for-service and primary care case management health care delivery system. See Exhibit 4. SUR identifies providers with irregular billing practices through statistical profiling. OMPP contracts with Health Care Excel for the operation of the SUR program.

The Payment Integrity Program identifies Medicaid providers who have inappropriately billed or have been inappropriately reimbursed by the Medicaid program. This program recovers these payments and identifies ways to prevent such occurrences. OMPP contracts with Myers and Stauffer to implement this program.

Pharmacy audits are also part of the Pharmacy Benefit Manager (PBM) contract. Pharmacy audits review pharmacy billings and payments to detect erroneous payments. OMPP's PBM has subcontracted this work to Prudent Rx which conducts both desk audits and on site pharmacy audits. All three of these programs refer possible fraudulent activity to the MFCU. The Commission requested information concerning the cost of these contracts.

Ms. Jennifer Thuma, Attorney General's office, stated that the Attorney General's office is currently negotiating a contract with Tichener to perform audits of Medicaid provider payments. The Attorney General's Office also received a federal grant of $2.37 million to staff and administer the MFCU, creating approximately 20 positions which are in the process of being filled. Ms. Thuma informed the Commission that MFCU's sources include cooperatives between EDS ,Health Care Excel, FSSA, and the state Department of Health. The Attorney General's office also runs a telephone hotline where Medicaid fraud may be reported.

A Commission member asked why there has been such a delay in implementing the audit and when the effective date for the audit was supposed to occur. Ms. Thuma said that she would find out more information for the Commission. In response to a question, Ms. Thuma stated that federal law does not authorize the MFCU to investigate consumer Medicaid fraud.

A Commission member requested additional information on a lawsuit in Texas against Texas' claim processor, EDS. Commission members also requested the status of Indiana's review of its claim processor which was authorized in the last session in the budget bill.

1866-2001

Sen. Miller stated that because of pending litigation and the sensitivity of this issue, only procedural factual information on HB 1866-2001 would be provided. Staff updated the Commission on the lawsuit filed by nursing facilities against the state. The lawsuit alleges that HB 1866-2001 was improperly vetoed by the Governor, should become law notwithstanding the veto, and that FSSA rules adopted contrary to HB 1866-2001 should be invalid. The Indiana Court of Appeals ruled in August, 2003, that HB 1866-2001 became law notwithstanding the Governor's veto and that the rules FSSA promulgated violated HB 1866-2001 and are invalid. The state has filed a Petition to Transfer to the Indiana Supreme Court and has requested an expedited grant of transfer and oral argument.

Provider Reporting

Sen. Meeks stated that he has been working with parties to modify the Medicaid provider reporting language concerning discounts that passed in the budget bill last session but that a compromise has not been reached. Sen. Meeks distributed PD 3026 but requested that the Commission hold the bill for possible further action at a subsequent meeting. See Exhibit 5.

Next Meeting and Adjournment

Sen. Miller requested that Commission members contact staff with any bill draft requests for the Commission to consider and agenda topics for the next Commission meeting , October 15, 2003 at 10:30 a.m. in Room 130 of the Statehouse. Sen. Miller adjourned the meeting at 12:20 p.m.